

Corp reports

**BOARD OF DIRECTORS**

Sol Armel  
Donald Carr, Q.C.  
William Drevnig  
Albert Sherman  
Jack Sherman  
Mark Vansittart

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**OFFICERS**

William Drevnig – *President*  
Albert Sherman – *Vice-President and Secretary*  
Sol Armel – *Vice-President and Treasurer*  
Jack Sherman – *Vice-President*

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**TRANSFER AGENT AND REGISTRAR**

The Canada Trust Company

**AUDITORS**

Pape, Strom, Lavine & Shulman

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**HEAD OFFICE**

PENNINGTON'S STORES LIMITED  
17 Apex Road  
Toronto 390, Ontario  
Telephone: 787-4973

*Pennington's*  
**STORES LIMITED**

**INTERIM REPORT**

for 26 weeks ended  
July 1, 1972

## To The Shareholders

We are pleased to report that total sales in the 26 week period ended July 1, 1972 reached a new record of \$4,796,000, which represents an increase of 17.9% over the similar period of last year. Unaudited earnings after provision for income taxes increased 27.9% to \$413,000. On a per share basis, net earnings were 41.1¢ as compared with 32.3¢ for the same period of 1971.

Three new stores were opened in the second quarter in the Province of British Columbia, and we are most pleased with the sales results to date. Four additional stores are expected to be opened before our fiscal year end. It is now anticipated that your company will exceed its planned objective of having 40 stores in operation by the end of 1973.

Expenditures for fixed assets showed a substantial increase and were related to the three new stores and the complete remodelling of three existing locations. Secured loans to employees were made pursuant to by-law No. 10, confirmed at the last annual meeting.

Your management anticipates a further improvement in sales and earnings for the balance of the year.

William Drevnig  
President

August, 1972

## PENNINGTON'S STORES LIMITED

### Statement of Income

(UNAUDITED) FOR TWENTY-SIX (26) WEEKS  
ENDED JULY 1, 1972

|                                                  | July 1, 1972 | July 3, 1971 |
|--------------------------------------------------|--------------|--------------|
| SALES                                            | \$4,796,000  | \$4,068,000  |
| COST OF SALES, SELLING & ADMINISTRATIVE EXPENSES | 3,961,000    | 3,360,000    |
| Depreciation                                     | 55,000       | 43,000       |
|                                                  | 4,016,000    | 3,403,000    |
| OPERATING PROFIT                                 | 780,000      | 665,000      |
| Investment Income                                | 16,000       | 13,000       |
| INCOME BEFORE TAXES                              | 796,000      | 678,000      |
| INCOME TAXES                                     | 383,000      | 355,000      |
| NET INCOME                                       | \$ 413,000   | \$ 323,000   |
| EARNINGS PER SHARE*                              | 41.1¢        | 32.3¢        |
| SHARES OUTSTANDING AT END OF PERIOD              | 1,010,900    | 1,000,000    |

\*Computed on the average number of shares outstanding during the period.

### Statement of Source and Application of Funds

(UNAUDITED) FOR TWENTY-SIX (26) WEEKS  
ENDED JULY 1, 1972

|                                    |            |            |
|------------------------------------|------------|------------|
| SOURCE OF FUNDS                    |            |            |
| Net Income for the period          | \$ 413,000 | \$ 323,000 |
| Expenses not requiring cash outlay |            |            |
| Depreciation                       | 55,000     | 43,000     |
| Deferred Income Taxes              | 5,000      | 4,000      |
|                                    | 473,000    | 370,000    |
| Issue of Common Shares             | 100,000    | —          |
|                                    | 573,000    | 370,000    |
| APPLICATION OF FUNDS               |            |            |
| Purchase of fixed assets           | 220,000    | 75,000     |
| Dividends                          | 202,000    | 150,000    |
| Loans to employees                 | 121,000    | —          |
|                                    | 543,000    | 225,000    |
| INCREASE IN WORKING CAPITAL        | \$ 30,000  | \$ 145,000 |